

LNF & IHCIF Calculations Illustration **- PHOENIX in Phoenix area -**

Given Data

- 49,547 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 12% = % Expenditures on purchased services, 88% = % expenditures in-house
- 105.2% = Cost index for purchasing health care in this geographic area
- 79.7% = Size cost index for in-house costs due to small or large size
- 100.9% = Phoenix area cost index for health status above or below average

Cost Adjustment Calculations

- \$376 per person for purchased services = $12\% * 105.2\% * \$2,980$
- \$2,089 per person for in-house services = $88\% * 79.7\% * \$2,980$
- \$2,465 per person total = \$376 (purchase) + \$2,089 (in-house)
- **\$2,488 per person total** adjusted for health status = $\$2,465 * 100.9\%$
- **\$1,743 per person net cost** = $\$2,488 - \745 Other resources (M&M&PI)

Existing Expenditures (for 49,547 users excluding wrap-around and collections)

- \$516 per person = local IHS allowance (excludes \$ for wrap-around)
- \$375 per person = expenditures elsewhere in Phoenix area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$946 per person for OU users** = $\$516 + \$375 + \$54$

LNF Calculation

- **38.0% Gross LNF** = $\$946$ (expenditures) / $\$2,488$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **54.2% Net LNF** = $\$946 / \$1,743$ net cost ($\$2,488 - \745 other)

IHCIF Allocation

- \$4,966,267 = \$ to raise LNF% from 54.2% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$173,223 Allocation** = $\$4,966,267$ needed for 60% * 3.488% IHCIF fraction

PHOENIX Unmet Needs

- **\$86,366,537 Net Total Need** = 49,547 users * \$1,743 net cost
- **\$39,512,881 Net Unmet Need** = $(100\% - 54.2\% \text{ LNF}) * 49,547 \text{ users} * \$1,743 \text{ net cost}$